

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF AEP KENTUCKY TRANSMISSION)	
COMPANY, INC. FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY PURSUANT TO)	2011-00042
KRS 278.020 TO PROVIDE WHOLESALE)	
TRANSMISSION SERVICE IN THE COMMONWEALTH)	

SECOND INFORMATION REQUEST OF COMMISSION STAFF TO
AEP KENTUCKY TRANSMISSION COMPANY, INC.

AEP Kentucky Transmission Company, Inc. ("KY Transco"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than April 21, 2011. Responses to requests for information shall be appropriately bound, tabbed, and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

KY Transco shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

KY Transco fails or refuses to furnish all or part of the requested information, KY Transco shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to page 3 of the Direct Testimony and Exhibits of Jerald R. Boteler, Jr., lines 24-26, and the last full paragraph on page 2 of 4 of Exhibit JRB-1.

a. The quote in the testimony from the Moody's credit report refers to Moody's concern if Kentucky Power Company's ("Kentucky Power") spending plans were to result in "a persistent negative free cash flow position that will be primarily funded with internal or external debt." Explain what is considered to be "internal" debt for Kentucky Power.

b. Page 2 of 4 of the exhibit refers to Kentucky Power having \$56 million of positive free cash flow for the 12 months ended September 2010, a period in which it had roughly \$53 million in capital expenditures and a \$21 million upstream dividend payment. Confirm that, individually or combined, Kentucky Power's capital expenditures and/or upstream dividend payment would have needed to be \$56 million greater than they were in order for it to have had a zero free cash flow for this period.

2. Refer to page 4, lines 15-18, of the Direct Testimony and Exhibits of Ranie K. Wohnhas. Assuming KY Transco is not approved by the Commission, provide

Kentucky Power's total projected capital expenditures for the calendar years 2011, 2012 and 2013, and identify the portion expected to be spent on transmission projects.

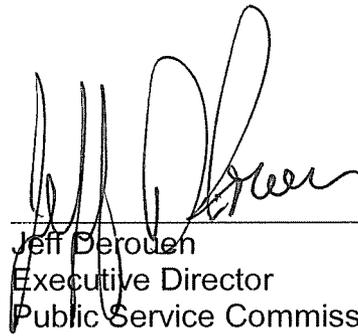
3. Refer to the response to Item 2.a. of the Commission Staff's Initial Data Request ("Staff's First Request"). Identify the wholesale customers to whom Kentucky Power presently provides transmission service and describe whether the Kentucky Public Service Commission has any jurisdiction over that service.

4. Refer to the response to Item 14 of Staff's First Request.

a. State the estimated amount of investment that will be required over the next decade in Kentucky Power's transmission system.

b. Assuming the Commission approves the formation of KY Transco, state the amount of investment in Kentucky Power's transmission system that will be made over the next decade by KY Transco and the amount that will be made by Kentucky Power.

5. Refer to the responses to Items 21 and 24 of Staff's First Request. The responses and numerous places throughout the application refer to Kentucky Power's financial position, its credit rating, capital structure, etc. and why creating KY Transco is necessary to alleviate concerns and possible future problems regarding Kentucky Power's financial condition, etc. Explain why Kentucky Power's financial issues cannot be sufficiently addressed by its parent company, American Electric Power, committing to providing sufficient equity capital to Kentucky Power (in conjunction with whatever debt issuances Kentucky Power requires in the future) to permit it to maintain a capital structure that will enable it to retain its current credit ratings.



Jeff Beroueh
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Public Service Commission
P.O. Box 615
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DATED APR 11 2011

cc: Parties of Record

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